

Resident Questions To Ask A Potential or New Park Owner 5/24/05

The importance of educating yourself and your neighbors in the beginning of the park sale process should not be underestimated. The park owner is the single greatest factor that affects the affordability, health and safety, and overall living conditions in the park. Park owners vary widely in their interest in the park, their experience owning or managing mobile home parks, and their responsiveness to resident concerns.

Non-profit owners:

Since non-profit owners are not in business to make profit they are motivated by strong social missions that promote affordable housing and community development. They purchase parks to create and/or maintain affordable housing that lasts “in perpetuity” (meaning forever). They generally plan for long-term capital improvements with the intent of owning the park for a long time. The lenders that allow non-profits to purchase parks also require that they plan to own parks for the long-term to support the goal of stable, long-term affordable housing.

Generally speaking, non-profits are invested in making sure the park can operate sustainably for a very long time. For example, many non-profit owners will conduct expensive infrastructure upgrades such as repairs to the water, sewer, or electrical systems when they purchase the park. They have access to special grants and loans from a variety of sources to help pay for repairs and park purchases. Private owners rarely make these expensive capital improvements when they buy parks because it affects the profitability of the park and they don't have access to the same loans and grants as non-profit park owners.

Non-profit owners are **much less likely** to close a mobile home park than private owners for a number of important reasons. Their lenders require they commit to providing long-term, affordable housing. They have strong social missions that promote affordable housing and community development. This does *not* mean that a non-profit owner will not close a park, or that they will be able to solve a park's problems, but they often “take on” troubled parks that have long-standing water or septic problems that other owners cannot or will not address.

Here are some important factors that residents should consider before the park is purchased:

- Effective and appropriate property management systems. Park owners may also manage their parks themselves, but strong and safe communities are supported by consistent and professional property management. “Appropriate” varies based on park size, history, infrastructure, and other factors. Some things to look for from a property manager are:
 - at least part-time on-site management staff for parks over 30 lots (full-time for parks over 50 lots)
 - regular and reasonable office hours to conduct business
 - emergency contact pagers, cell phones, or other “off hours” means of reaching them

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- experience managing other mobile home parks
 - professional, courteous staff
 - clear, written lease terms (includes rent, guest and pet policies, evictions, snow/trash removal, and other park rules and policies)
 - certified public water system operator(s), if the park has over 10 or more households on its water system
 - user-friendly park budgets that are easy to understand and that residents may review if they have questions. This is very important for lot rent mediations. If the budget is incomplete, inaccurate, or unclear, residents will not be able to know where and how their lot rent is spent
 - references in other parks that they manage for residents to contact and visit those parks, if they wish
 - a clear division of responsibilities among staff; in other words, you know who does what in the park and whom to contact or hold responsible in the case of a problem or an emergency
 - written monthly billing of lot rent to all residents
 - the ability to clearly and systematically track lot rent and other payments over time in the case of a question or a request of lot rent payment history from a resident
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- Plans in place to address any major outstanding infrastructural or procedural problems that are failing in the park. This often includes sewer systems, the water system, and the quality of the roads in the park. For example, if there is a water leak in the system, bids for the repair work should be put out and compared to get the best deal. Major repairs or upgrades often require extensive engineering or structural surveys before the purchase. This is frequently part of any “feasibility study” done by a new non-profit owner prior to purchase. Mobile Home Project experience indicates that owners that do not perform feasibility studies before buying the park often lead to park closures down the road because of unexpected expenses or large lot rent increases to cover the necessary repair work or capital improvements.
 - A local office (this could be the property manager’s office) with regular and reasonable office hours for residents to visit or contact. Although some owners are located outside of Vermont, if there is no local agent of the owner then complaints or requests will be very difficult to resolve successfully. A local attorney is not an adequate substitute for the owner or property manager.
 - A clear plan for the future of the park. If someone purchases a park, they do not have to keep it open as a mobile home park. It is **vital** for residents to determine whether the park will remain open after it is purchased. Do not fall prey to rumors or other second-hand information about the future of your park. Unless the entire park receives an official park closure notice on the DHCA form, your park may not legally close. Since moving a mobile home often costs thousands of dollars (some homes cannot be moved out of the park), you want to be sure that the park will not close in the near future.

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Questions for a potential park owner:

- 1) Do you own any other mobile home parks in Vermont? If so, which ones and where are they? If not, why are you purchasing our park?
- 2) Do you manage your parks directly? If not, who will manage our park?
- 3) Will our park have an on-site property or park manager? How can we make our preferences known? Can we participate in choosing the park manager? How have you managed this in your other parks?
- 4) Where is your office located?
- 5) What are your office hours?
- 6) How can we reach you in an emergency or during "off hours"? Does your staff use emergency contact pagers, cell phones, or e-mail updates?
- 7) How much experience do you (or the property manager) have managing mobile home parks in Vermont?
- 8) Do you have a sample lease for us to review?
- 9) Can we participate in the lease review and/or creation process? How?
- 10) Can we help create our own park rules? How?
- 11) What will the lot rent be? Do you plan to increase or decrease our rent?
- 12) What is your pet policy?
- 13) What is your guest/visitor policy?
- 14) What services are included in lot rent?
- 15) What is your vehicle/ATV/RV/boat policy?
- 16) Do you send out new copies of the leases every year? If not, do you send new copies on request?
- 17) How many residents have been evicted from your parks/properties in the past year? If none, why not?
- 18) Will we have a certified public water system operator on-site to operate our water system?

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- 19) Can we review any water reports (Consumer Information Reports or CIRs) you have for your other parks/properties?
- 20) How do you notify residents if water or other services need to be interrupted for repairs or routine maintenance?
- 21) Do you have an operating budget for our park? How many years does it project into the future? What assumptions did you make about inflation, lot rent increases, and other expenses when you made your predictions?
- 22) May we review the park budget upon request? How would we get a copy of the park budget?
- 23) How will park-wide notices be distributed in case of:
 - 1) a water emergency (such as a boil water notice)?
 - 2) a septic emergency?
 - 3) a power outage?
 - 4) major repair or infrastructure upgrades?
 - 5) a lot rent increase?
 - 6) a change in lease terms?
- 24) If you own other parks in Vermont, may we contact residents of those parks? Will you provide contact information for those residents?
- 25) Do you send out monthly bills or statements for lot rent? How?
- 26) Do you encourage payment plans for back lot rent?
- 27) How do you handle resident complaints?
- 28) If we have a problem with the property management, with whom do we speak?
- 29) How do you manage the income from our park? Does all income collected in our park stay in our park, or does it get distributed to other properties or places?
- 30) Has a qualified engineer performed a capital needs assessment (to diagnose and plan for any major capital improvements) for our park in the past six months? If yes, may we get a copy of the report? If no, why not?
- 31) What are the options for the residents to switch to cooperative or condominium ownership in the future, and how can we do that?

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Leases:

Your lease is one of the most important documents you will own. It is a binding contract between you and your park owner outlining each of your responsibilities (such as trash removal, lot maintenance, etc.), how to pay the rent, park rules and regulations, and many other aspects of living in the park. Your lease will protect you and your park owner in the case of a dispute. If you do not have a lease or cannot produce a written copy, you leave yourself open to many unpleasant possibilities such as unfair or inconsistent enforcement of park policies and rules.

Although verbal lease agreements are legal in Vermont, **you should always get your lease in writing**. Always have a copy of your lease safely stored where you can access it at any time. **Do not ever throw away or lose your lease**. If you are unable to find or access your lease, send a written request to your park owner and/or property manager for a new copy immediately.

The Mobile Home Project can review your lease on an individual basis or come to your park and host a workshop for you and your neighbors about your lease. You should carefully review your lease at least once a year and whenever it is amended to make sure you are aware of all of your responsibilities as a park resident. Contact the Mobile Home Project for more information about leases or to schedule a lease workshop in your park.

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